

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES
PARCEL SELECT CONTRACT 1 (MC2012-16)
NEGOTIATED SERVICE AGREEMENT

Docket No. CP2012-23

**USPS NOTICE OF CHANGE IN PRICES PURSUANT TO
AMENDMENT TO PARCEL SELECT CONTRACT 2**
(November 22, 2017)

The Postal Service hereby provides notice that prices under Parcel Select Contract 2, in the above-captioned proceeding, have changed as contemplated by the contract's terms.¹ A redacted version of the amendment to Parcel Select Contract 2 is provided in Attachment A, and the unredacted amendment is being filed under seal. The amendment will become effective two business days after the day that the Commission completes its review of this filing.

The Postal Service is also filing supporting financial documentation and a certified statement as required by 39 C.F.R. § 3015.5. The certified statement required by 39 C.F.R. § 3015.5(c)(2) is provided in Attachment B. A redacted version of the supporting financial documentation is included with this filing as a separate Excel file. The Postal Service's original application for non-public treatment in this docket is hereby incorporated by reference for the protection of these materials.

¹ The Postal Service initially requested to add Parcel Select Contract 1 to the competitive product list via the instant docket, but the Commission noted that a Parcel Select Contract 1 already existed. Thus, the Commission renamed the proposed new product Parcel Select Contract 2. See Notice and Order Concerning Request to Add Parcel Select Contract 2 to the Competitive Product List, May 8, 2012 (Order No. 1335).

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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November 22, 2017

ATTACHMENT A

**REDACTED AMENDMENT TO
PARCEL SELECT CONTRACT 2**

AMENDMENT #3
OF
SHIPPING SERVICES CONTRACT
BETWEEN
THE UNITED STATES POSTAL SERVICE
AND
[REDACTED]
REGARDING
PARCEL SELECT SERVICE

WHEREAS, the United States Postal Service (the "Postal Service") and [REDACTED] ("Customer") entered into a Shipping Services Contract regarding Parcel Select Service, Contract PS2/Docket No. CP2012-23, on April 25, 2012.

WHEREAS, the Parties desire to amend the terms in Sections I.B. (adding Attachment B), I.C., and I.E (including Tables 1 and 3).

NOW, THEREFORE, the Parties agree that the Contract is hereby amended as detailed below. The existing Contract remains unchanged in all other respects. This amendment shall become effective two (2) business days following the day on which the Commission issues all necessary regulatory approval.

[Replace Sections I.B. and I.C. in their entirety; replace Section I.E.3-4 (substituting Table 1 with Table 1a and Table 3 with 1b) and remove Sections I.E.5-6, as follows:]

I. Terms

- B. This Contract applies to Customer's Standard DDU pieces and Alternate DDU pieces (collectively, "DDU pieces") and Customers Standard DSCF pieces and Alternate DSCF pieces (collectively, "DSCF pieces") as defined below:
1. Customer's Parcel Select pound rated DDU pieces [REDACTED] [REDACTED] are not addressed to any ZIP Code in Attachment A, and are not shipped under an account listed in Attachment B ("Standard DDU pieces").
 2. Customer's Parcel Select DSCF 5-Digit pieces ("DSCF pieces") [REDACTED] [REDACTED] are not addressed to any ZIP Code in Attachment A, and are not shipped under an account listed in Attachment B ("Standard DSCF pieces").
 3. Customer's Parcel Select pound rated DDU pieces [REDACTED] [REDACTED], are not addressed to any ZIP Code in Attachment A, and are shipped under an account listed in Attachment B ("Alternate DDU pieces").

4. Customer's Parcel Select DSCF 5-Digit pieces ("DSCF pieces") [REDACTED] [REDACTED] are not addressed to any ZIP Code in Attachment A, and are shipped under an account listed in Attachment B ("Alternate DSCF pieces").

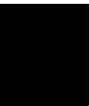
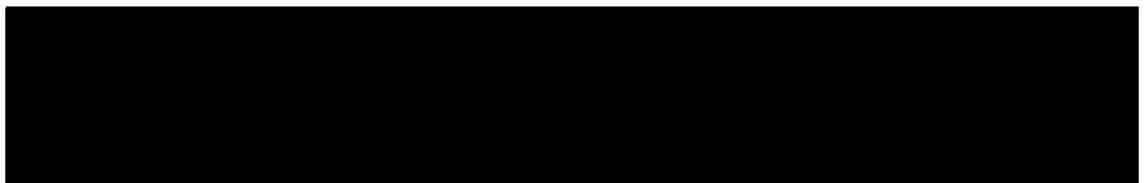
Customer's Parcel Select Lightweight pieces and Customer's DDU and DSCF pieces addressed to any ZIP Code in Attachment A will not qualify for contract pricing pursuant to Section I.C.

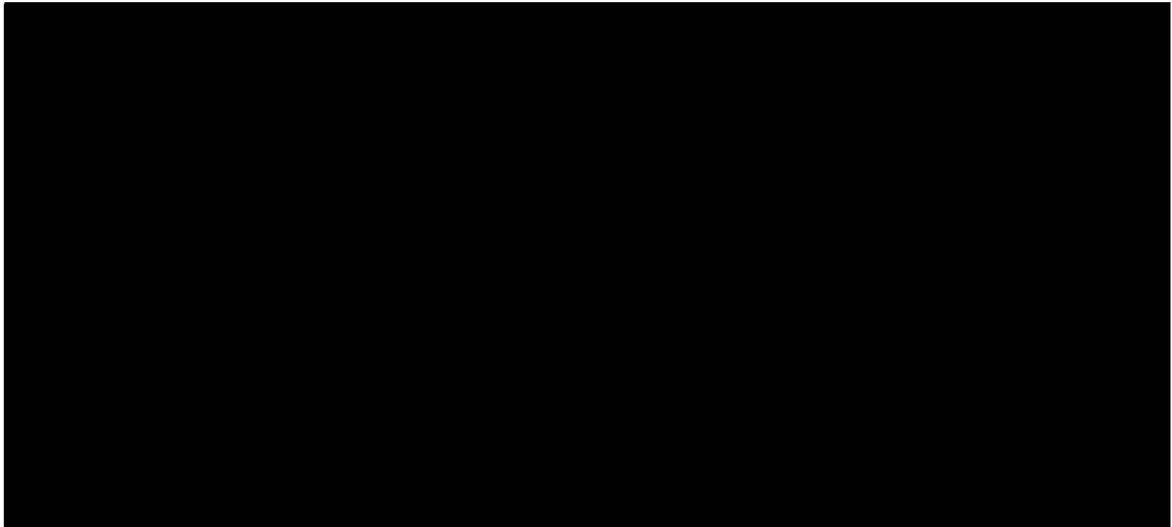
The ZIP Codes contained in Attachment A may be modified once a year by the Postal Service and will take effect on June 1st of each Contract Year, but only where the Postal Service provides notice to Customer by December 1st of the preceding year.

The list of accounts in Attachment B may be modified at any time through mutual agreement of the Parties.

C. Minimum Volume Requirements

1. Customer shall mail a minimum of [REDACTED] Standard DDU pieces and a minimum of [REDACTED] Standard DSCF pieces in each Contract Year to qualify for the applicable contract prices in Table 1a below. If the minimum volume of Standard DDU pieces or Standard DSCF pieces is not met in any Contract Year, Customer will be required to pay the difference between the Standard Contract price and the applicable published price for each Standard DDU piece and/or Standard DSCF piece.
2. Customer shall mail a minimum of [REDACTED] Alternate DDU pieces and Alternate DSCF pieces combined ("Volume Target") in each Contract Year to qualify for the applicable Contract prices in Table 1b below. If the Volume Target is not met in any Contract Year, Customer will be required to pay a penalty on the Volume Target less the number of Alternate DDU and Alternate DSCF pieces shipped ("Volume Shortfall"). The Postal Service will determine the prevailing Standard and Alternate Contract prices at the time of shipment for each Alternate piece. Each Alternate piece will be multiplied by the prevailing Standard price for the corresponding weight range, presort and entry level ("Standard Postage"). The postage paid on Alternate pieces will then be subtracted from the Standard Postage. The difference will then be divided by the number of Alternate pieces shipped to calculate the average Standard price for Alternate pieces shipped ("Average Penalty Price"). The Average Penalty price will then be multiplied by the Volume Shortfall to calculate the postage due ("Volume Penalty").

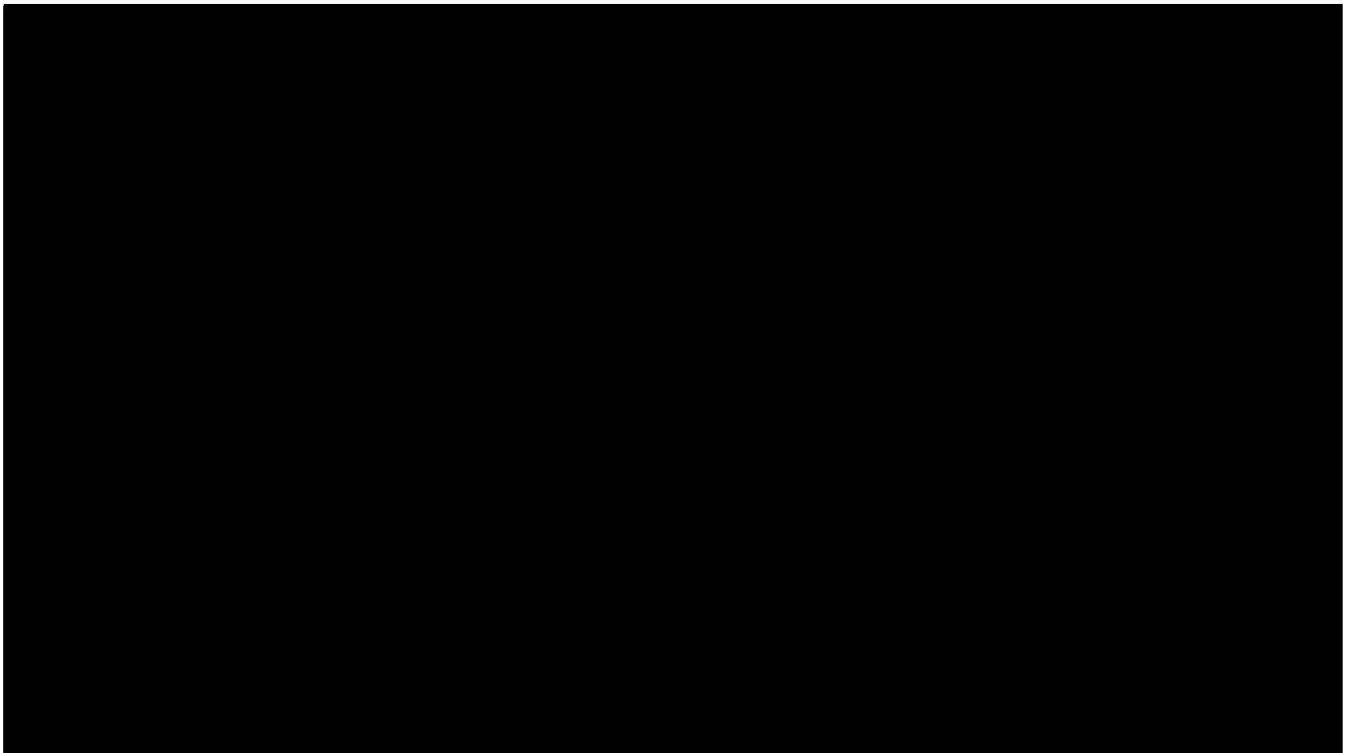






3. The Postal Service will calculate the volume shipped and provide to Customer within fifteen (15) days of the close of each Contract Year. Where applicable, a Volume Penalty must be paid to the Postal Service by August 1st of each Contract Year.

E.

3. Beginning on the effective date of this amendment, the prices below apply to Customer's Standard DDU pieces and Customer's Standard DSCF pieces until the anniversary of the Contract's effective date.



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4. Beginning on the effective date of this amendment, the prices below apply to Customer's Alternate DDU pieces and Customer's Alternate DSCF pieces until the anniversary of the Contract's effective date.
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5. [Removed]

6. [Removed]

IN WITNESS WHEREOF, the Parties hereto have caused this amendment to be duly executed as of the later date below:

UNITED STATES POSTAL SERVICE

Signed by: _____

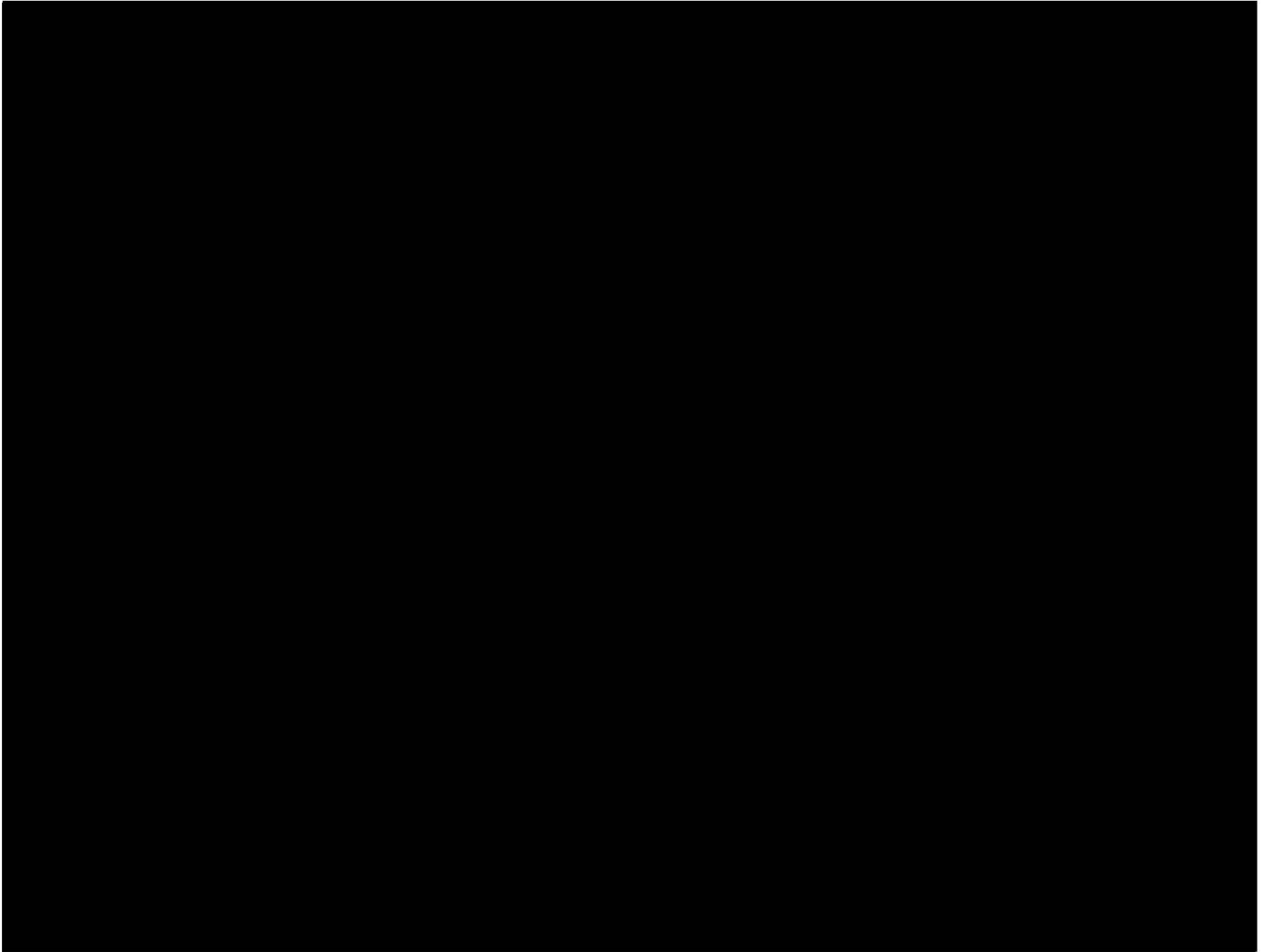
Printed Name: Cliff Rucker

Title: Senior Vice President, Sales and Customer Relations

Date: _____

10/23/17

Attachment B



ATTACHMENT B
SIGNED CERTIFICATION

Certification of Prices for Amendment to Parcel Select Contract 2

I, John P. Kelley, Manager(A), Cost Attribution, Finance Department, am familiar with the prices and terms for the amendment to Parcel Select Contract 2. The amended prices and terms contained in this Contract were established by the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Domestic Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates (Governors' Decision No. 11-6).

I hereby certify, based on in the financial analysis provided herewith, that the amended prices are in compliance with 39 U.S.C § 3633 (a)(1), (2), and (3). They are expected to cover attributable costs. There should therefore be no subsidization of competitive products by market dominant products. The amended contract should not impair the ability of competitive products on the whole to cover an appropriate share of institutional costs.

**John P
Kelley**

Digitally signed by John P Kelley
DN: cn=John P Kelley, o=Cost
Attribution, ou=Finance,
email=John.P.Kelley@usps.gov,
c=US
Date: 2017.11.22 14:18:29 -05'00'

John P. Kelley